

**Statement of Robert D. Collet
Vice President of Engineering and Chief Technology Officer
AT&T Government Solutions
Testimony before the
House Committee on Government Reform
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Good morning, Mr. Chairman, and members of the Committee on Government Reform. My name is Bob Collet. I am AT&T Government Solutions' Vice President of Engineering, Chief Technology Officer, and the person leading AT&T's FTS Networkx proposal team.

AT&T has been asked by the Committee to provide input about the Networkx procurement, based on the Draft RFP released last October. The acquisition strategy and vision contained in the RFP are consistent with our view of both the government's needs and the telecommunication industry's evolution. Accordingly, the message I deliver today is that GSA got it right – the procurement should be released on time and without additional delay.

FTS2001 is in the seventh year of its nine-year life and for all practical purposes, agencies are captives to the aging contract vehicle that no longer meets new requirements. The only way to remedy this problem is for the government to go forward with a new, forward-looking procurement that leverages the enormous buying power of the government, allows for continuous competition, and accommodates industry consolidation. Networkx meets these challenges through a robust platform of continuously evolving technology services and enhanced security capabilities to empower federal agencies to streamline operations and optimize networks and information systems over the next decade.

Today, I want to highlight three reasons why the Networx procurement should be released on schedule. First, to increase competition. Second, to provide agencies with new and much needed capabilities. And third, it is the right procurement for the times. Let me address each of these in more detail.

Networx Increases Competition

Networx three-part structure -- Universal, Enterprise and use of schedules -- maximizes competition and choice for federal customers.

We believe the number of Universal offerors will be greater than that experienced in FTS2001. By cultivating several crossover contractors, GSA strategically expanded the pool of viable Universal contractors, even with the ongoing industry consolidation. In addition, we expect spirited competition from non- traditional sources such as systems integrators, because declining costs in telecommunications and information technology have dramatically reduced the barriers to the Universal market entry. Consequently, the government can expect vigorous product and price competition among the full portfolio of services and throughout the life of the procurement.

The GSA and Interagency Management Council's (IMC) Networx acquisition strategy further maximize competition by means of the procurement's Enterprise component. Enterprise offers a whole new set of opportunities to compete by giving companies without geographical service scope a way to enter the market. Enterprise affords these companies the opportunity to grow throughout the contract period, allowing them to meet evolving government needs and enhance competition over the life of the contract.

Finally, for those providers that cannot be responsive to Enterprise's minimum requirements, GSA's intent to establish a telecommunications Multiple Award Schedule results in yet another contract vehicle to enable agencies to obtain telecommunications services.

Therefore, utilizing the Universal, Enterprise, and Schedule vehicles, federal agencies will have a wide variety of acquisition options.

Networx Provides Agencies With New and Much-Needed Capabilities

The second reason the procurement should stay on schedule is because it brings significant new capabilities to the agencies, including enhanced security solutions and technologies to meet agency needs and to advance information sharing among agencies.

Consistent with direction from this Committee, GSA and the IMC agree that Networx should provide the capabilities for efficient information sharing among agencies, thereby assuring that agencies can meet current mission requirements. The Networx procurement meets your information sharing objectives by providing a very comprehensive portfolio of telecommunications and IT services from which to choose.

The draft RFP's requirements are written to ensure agencies have a choice of connectivity, storage, hosting and application services that enable seamless information sharing and increased operations efficiency. Examples of the most notable and forward-looking solutions include:

- 1) Next generation Internet Protocol (IP) convergence services to enable intra- and inter-agency information grids and the widest variety of multimedia services.
- 2) Disaster backup services and systems to meet Continuity of Operations (COOP) needs.
- 3) Enhanced Security with integrated intrusion detection systems and firewalls to meet Federal Information Security Management Act (FISMA) requirements.
- 4) Hybrid Voice over Internet Protocol (VoIP) campus systems and network services enabling lower telecommunications costs and productivity improvement.
- 5) Scalable hosting and applications solutions to facilitate a Federal Enterprise Architecture and network centric government.
- 6) Integrated wireless and wireline solutions to facilitate mobile government activities and employees.
- 7) Bundling of service-enabled devices to obtain needed but complex services.
- 8) Self service portals so agencies can quickly order and receive services.

These forward-looking solution sets offering voice-data-video convergence, open, on-demand network and IT services, and mobility have the potential to enable “break through” mission performance gains. Their embedded security and inherent survivability will protect agencies from cyber-attacks and facilitate continuity of government during emergencies.

Networkx provides a path for technology convergence, a mobile government, security and survivability. It empowers the government to become increasingly network-centric, which is consistent with the current Federal Enterprise Architecture initiative.

Networkx Is the Right Procurement Vehicle for An Evolving Industry

The third reason the procurement should be released on time is because it is right for the times as it anticipates and accommodates industry evolution.

Since the inception of the Networx acquisition strategy several years ago, GSA and the agencies anticipated that industry's structure could, and indeed would, change and evolve. The multi-vehicle structure of Networx reflects this thinking and positions agencies to reap the benefits of industry consolidation and rationalization.

A Few Minor Adjustments Are Necessary

While GSA and the IMC should be commended for developing a responsive and forward-looking acquisition strategy, we do recommend a few adjustments to the procurement. We believe these adjustments can be made without delaying the April release of the RFP..

The adjustments we have suggested include:

- The use of commercial practices instead of unique Service Level Agreements and Key Performance Indicators allowing the government agencies to meet their ultimate mission objectives – and at a much lower cost.
- Amending the 90-day delivery requirement (with the penalty being non-payment) of bills for services that are complex and dynamic.
- Amending the 39% target for small business as it will be extremely difficult to meet this target without adding unnecessary performance risk.

Notwithstanding these suggestions, we believe the procurement is on target and should be kept on schedule.

A delay in issuing the RFP could have a very damaging impact on government agencies and taxpayers, primarily due to the result in a loss of cost-savings likely to flow from the competition for Networx awards. In fact, a delay would necessitate an extension of the incumbent contracts,

and recent experiences indicate that incumbents will seek major price increases from agencies with no practical alternatives. Delay also would impact agency acquisition of integrated solutions to improve security, such as COOP and FISMA performance, and the government would forego E-Gov initiative savings. For all these reasons, the procurement should move forward in a timely manner.

Summary

GSA and the IMC should expect vigorous competition in both the Universal and Enterprise procurements and on the telecommunications multiple award schedule. These procurements meet immediate mission requirements, are forward-looking, and provide agencies with diverse and continuous choices.

In addition to the benefits the government will reap by moving forward in an expeditious manner, I want to underscore the time and investment that we have made to prepare for this procurement. Industry has invested significant financial resources and human capital to get to this point, and we continue to make those investments in anticipation of the April 1st release RFP. Simply put, it is time to get on with the competition.

Thank you, Mr. Chairman, for the invitation to appear before the Committee. I appreciate having the opportunity to share AT&T's views on this important matter, and I welcome any questions that you or other members of the Committee might wish to ask.